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MEDIA RELEASE

March 22, 1988

MONTANA'S ECONOMY TO GROW SLOWLY THROUGH 1990, UM RESEARCHER SAYS

MISSOULA --

Montana's economy will grow slowly between 1987 and 1990 but will fall well short of the projected increases for the nation as a whole, according to a University of Montana economist.

Paul Polzin, director of forecasting at the UM Bureau of Business and Economic Research, made that projection as part of the Economics Montana forecasting program, cosponsored by Mountain Bell.

Overall economic activity in Montana, as measured by non-farm labor income, will increase about 1.5 percent per year from 1987 to 1990, Polzin said. By contrast, the U.S. economy is projected to increase about 1.9 percent per year from 1987 to 1990.

The small difference in growth rates should not be dismissed, Polzin warned. "One or two years of below-average growth doesn't make much of a difference," he said. "But in Montana we have been behind the eight ball for a decade. Our growth has been behind the national average since the early 1980s."

On the brighter side, Polzin said, the slow growth that is projected for Montana's economy from 1987 to 1990 is an

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improvement over the declines Montana has experienced since 1980. Polzin attributed the modest increase to agriculture's recovery from the drought of 1985-86, the opening of several medium-sized metal mines, and the end of the downward spiral caused by plant closures and plummeting oil prices.

Personal income, one of the major determinants of retail sales, is expected to increase about 1.7 percent per year between 1987 and 1990. Although this is roughly equal to the national growth rate, it does not make up for the ground Montana lost earlier in the decade, Polzin said.

After three straight years of declines, employment in Montana is expected to stabilize in 1988 and increase slightly in 1989 and 1990. In spite of the small increase, the number of non-farm wage and salary jobs projected for 1990 is about the same as it was in 1985, Polzin added.

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